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Mr. Joe Werner
Telecommunications Chief
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

January 20, 2004

RE: Computer Network Technology Corporation, Application to Provide
Telecommunications Services in Utah Docket No. 03-00612

Dear Mr. Werner:

Enclosed please find Computer Network Technology Corporation's responses to the Tennessee Regulatory Authority's first set of data requests in the above listed docket. Applicant is confident that all requests for information have been properly responded to. However, in the event that you, or any other member of the TRA desire additional information with respect to any aspect of Applicant's Tennessee operations, please do not hesitate to contact me.

Respectfully,


Paulette Bannack
Operations Director

7144 North Harlem Avenue
Suite # 323
Chicago, Illinois 60631
(630) 346-6477
pbannack@windfallintl.com
www.windfallintl.com

BEFORE THE TENNESSEE REGULATORY AUTHORITY

IN THE MATTER OF THE APPLICATION OF COMPUTER NETWORK TECHNOLOGY CORPORATION FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE COMPETING FACILITIES-BASED LOCAL TELECOMMUNICATIONS SERVICES IN THE STATE OF TENNESSEE	DOCKET NO. 03-00612 DATA REQUEST BY THE TELECOMMUNICATIONS DIVISION DATE: December 15, 2003
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**RESPONSE OF COMPUTER NETWORK TECHNOLOGY CORPORATION TO
THE TENNESSEE REGULATORY AUTHORITY'S FIRST SET OF DATA
REQUESTS**

- 1. Pursuant to Tennessee Code Annotated, Section 65-4-125, the following will be due to the Tennessee Regulatory Authority ("TRA"), prior to completing the processing of your application for a Certificate of Convenience and Necessity:**

- 1. A corporate surety bond in the amount of \$20,000; or**
- 2. An irrevocable letter of credit in the amount of \$20,000; or**
- 3. Documentary evidence that you own and operate equipment facilities in Tennessee worth more than \$5,000,000.**

Applicant intends to comply in all respects with the requirements of the Tennessee Regulatory Authority ("TRA"). Please see attached letter from Wells Fargo Bank, NA

- 2. Please provide projections for 2004, 2005 and 2006. They can also be provided under seal as confidential records. In the alternative, please provide an explanation as to why the Net Loss for CNT more than doubled from year-end 2002 to year-end 2003. Please provide projections indicating when the Company expects to show a gain in net income.**

- 1. Net Loss explanation**

The Net Losses that CNT experienced in 2002 and 2003 are due in large part to the effect in the reduction in IT spending that plagued the high technology industry as a whole including the major vendors such as IBM, EMC, and

Cisco. More specifically for CNT, the Net Losses of \$38.4M in 2002 and \$27.7M YTD 2003, on a GAAP basis, reflect several non-recurring and unusual charges.

In 2002, CNT took a \$10M writedown of goodwill, a severance charge of \$2M, and a \$16.5M writedown in deferred tax assets. The losses in 2003 YTD are largely related to the acquisition of Inrange Corporation by CNT in May 2003, which included an in-process R&D charge of \$20M and YTD integration charges of \$6.3M.

Net of these special charges, the Net Loss from 2002 to YTD 2003 has decreased from \$20M to \$1M, a reduction of \$25M. For the most recent quarter ending October 31, 2003, CNT has shown a \$237,000 profit on a GAAP basis that included integration charges of \$1.2 M.

2. Future projections

Because CNT is a publicly held company, we cannot make forward-looking statements. However, as published in CNT's 3rd quarter financial results, "for the fourth quarter of 2003 (ending in January 31) we anticipate that revenues will be in the range of \$105 to \$115 million and pro forma earnings from continuing operations will be in the range of \$.08 to \$.12 per share, excluding amortization of intangibles, integration charges and any earn-out related to the BI-Tech (2001) acquisition.

3. **Please provide a Toll Dialing Parity Plan or a statement that states that prior to offering voice grade service CNT will amend their application and file a Toll Dialing Parity Plan.**

If approved by the TRA for a Certificate of Convenience and Necessity, CNT will not offer voice grade services to its customers in the state of Tennessee. As such, it should not be required to file a Toll Dialing Parity Plan prior to offering its data services to its Tennessee customers. Should CNT expand its service offerings to include voice grade services, prior to offering voice grade services within the state of Tennessee, CNT will amend its application and file a Toll Dialing Parity Plan.

4. **Please provide answers to the Numbering Issues as referred to in number 11 of your application or a statement stating that you will amend your application and provide the answers to the numbering issues prior to offering other than private line special access service.**

If approved by the TRA for a Certificate of Convenience and Necessity, CNT will not offer voice grade services to its customers in the state of Tennessee. As such, it should not be required to answer the Numbering Issues contained in its application prior to offering its data services to its Tennessee customers.

Should CNT expand its service offerings to include voice grade services, prior to offering voice grade services within the state of Tennessee, CNT will amend its application and provide answers to the numbering issues for the TRA.

5. **Please provide a statement indicating that you will amend your application and provide a statement of compliance with Tenn. Code Ann. § 65-21-114 prior to offering voice grade service.**

If approved by the TRA for a Certificate of Convenience and Necessity, CNT will not offer voice grade services to its customers in the state of Tennessee. Should CNT expand its service offerings to include voice grade services, prior to offering voice grade services in the state of Tennessee, CNT will amend its application and provide a statement of compliance with Tenn. Code Ann. § 65-21-114.

JAN-20-2004 TUE 01:19 PM WELLS FARGO
JAN-20-2004 TUE 11:01 AM TRADE BANK

FAX NO. 6126674144
FAX NO. 4152848453

P. 02/02
P. 01



Wells Fargo Bank, N.A.
Trade Services Division, Northern California
One Front Street, 21st Floor
San Francisco, California 94111
Phone: (800) 799-2815, Option 1
E-mail: ustrade@wellsfargo.com

Trade Services San Francisco
MAC A0195-312
One Front Street 21st Floor
San Francisco, CA 94111

Irrevocable Letter of Credit

Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

Reference:	Name of Company authorized by TRA:	Computer Network Technology Corporation
	Company ID# as assigned by the TRA:	12857
	Irrevocable Letter of Credit Number:	NZS509464
	Effective Date:	January 16, 2004
	Expiration Date:	January 16, 2005

Sir/Madam:

You have requested of Wells Fargo Bank, N.A. (the "Lender") that we establish an Irrevocable Letter of Credit, which will remain available on behalf of Computer Network Technology Corporation (the "Company") who has applied to the Tennessee Regulatory Authority (the "TRA") for authority to provide telecommunication services in the State of Tennessee. The purpose of this Letter of Credit is to secure payment of any monetary sanctions imposed against the Company, its representatives, successors or assigns, in any enforcement proceeding brought under Title 65 of Tennessee Code Annotated or the Consumer Telemarketing Act of 1990, by or on behalf of the TRA.

We hereby establish and issue, in favor of the TRA, an irrevocable Letter of Credit in the amount of Twenty Thousand Dollars lawful money of the United States of America (US\$20,000.00). The TRA may draw upon this Letter of Credit at any time and from time to time, by delivery a Letter of Credit Notice, substantially in the form set forth below (a "Notice"), which Notice shall specify the amount (the "Draw Amount") to be drawn and the bank account (the "Bank Account") to which the Draw Amount should be delivered and shall be signed by an official designated and duly authorized by the TRA, to Lender at the address listed below, or to such other address at the Lender shall notify the TRA in writing by certified mail or express courier. Promptly after the delivery of each Notice, the Lender hereby covenants and agrees to delivery, by wire transfer of immediately available funds, the Draw Amount to the Bank Account.

This Letter of Credit shall be deemed automatically renewed without amendment for successive one-year periods and may be cancelled by the Lender by giving thirty (30) days advanced written notice by certified mail or express courier of such cancellation to the TRA and the Company; it being understood that the Lender shall not be relieved of liability that may have accrued under this Letter of Credit prior to the date of cancellation.

Except as otherwise expressly stated, this Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credit (1993 Revision) International Chamber of Commerce Publication Number 500, or any revisions thereto.

Yours Very Truly,

Wells Fargo Bank, N.A.

Name: Brian T. O'Connell
Title: Vice President

Address of the Lender:
One Front Street, 21st Floor
San Francisco, California 94111

AL

612-667-4144